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O F T H E

LEGISLATIVE

A S S E M B L Y

P E N S I O N P L A N

ANNUAL REPORT

for the fiscal year ended March 31, 1992



PROVINCIAL TREASURER

224 Legislature Building, Edmonton, Alberta Canada T5K 2B6

The Speaker of the Assembly

Sir:

Pursuant to section 4 of the Members of the Legislative Assembly Pension Plan Act, being Chapter M-12.5 of the 1985 Statutes of Alberta, I have the honour to lay before the Assembly the annual report on the operation of the Members of the Legislative Assembly Pension Plan for the fiscal year ended March 31, 1992.

Respectfully submitted,

Jim Dinning
Provincial Treasurer



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Introduction

The Members of the Legislative Assembly Pension Plan was established effective May 7, 1969, by the MLA Pension Act to provide a contributory pension scheme for Members of the Legislative Assembly (MLAs).

The MLA Pension Act was repealed on November 1, 1985, and replaced by the Members of the Legislative Assembly Pension Plan Act (the Act). Under the new legislation, policy and administration became the responsibility of the Lieutenant-Governor in Council and the Minister respectively, while provision was made for a Board to be assigned an advisory and appellate role.

In June 1990, the federal Income Tax Act was amended to give effect to a reform of the rules governing tax assistance for retirement savings.

In order to retain its status as a tax registered pension plan, the Members of the Legislative Assembly Pension plan required amendment effective January 1, 1992. Accordingly, the Members of the Legislative Assembly Pension Act (Temporary Amendment) Regulation, 1992 was passed. This regulation divided the Act into two schedules. Schedule 1 contains the Members of the Legislative Assembly (Registered) Pension Plan which provides for benefits up to the maximums allowed under the new federal rules. Schedule 2 contains the Members of the Legislative Assembly (Supplementary) Pension Plan providing for the additional benefits required to preserve total benefits as provided for under the Act. The Temporary Amendment Regulation was subsequently incorporated into the Act by passage of the Pension Statutes and Miscellaneous Provisions Act, 1992.

Plan Overview

Participation in the Members of the Legislative Assembly Pension Plan is voluntary and MLAs may elect to participate at any time while holding office. It is a contributory defined benefit plan, divided into two sections to reflect requirements under the Income Tax Act. MLAs contribute at a rate of 7.5 percent of the allowance paid with respect to each office held. The Government makes a matching contribution. After August 1, 1992, MLAs will contribute at a rate of 10 percent of the allowance paid with respect to each office held. The net amount of pension contributions less payments is deposited to or withdrawn from the Pension Fund pursuant to the Pension Fund Act. The income of the Pension Fund accrues to and forms part of the fund. The Government of Alberta guarantees the payment of all benefits under the Members of the Legislative Assembly Pension Plan.

Those members who retire with at least five years of pensionable service in the office of MLA are entitled to a pension. Those members who retire from an office other than MLA with at least one year in that office and at least five years as an MLA are entitled to a pension in respect of that other office. Pension benefits are based on 4 percent of the highest average pensionable allowances for three consecutive years, times the number of years of pensionable service in an office.

If the member has an eligible spouse, unless a waiver is signed by that spouse, the pension paid must be in the normal form of pension. The normal form of a pension is payable for the life of the member with a 75 percent spousal survivor benefit. Single members may elect a single life pension, or a life pension with a five, 10, or 15

Plan Overview (Cont'd)

year guarantee period. They may also elect a joint life pension based on their life and that of a nominee.

Members may retire at any time, if they have accumulated five years of pensionable service. If retirement takes place after age 55, or if age plus pensionable service equal 55 years or greater, no actuarial reduction is applied to the benefit.

The plan also makes provision for those members who die prior to retirement and have accumulated at least five years of pensionable service. In such cases, the surviving spouse is entitled to either a spousal pension or a lump sum benefit.

The spousal pension is equal to the survivor benefit of a non-reduced joint life pension.

A beneficiary other than a spouse must accept a lump sum benefit.

Review of Operations

The Members of the Legislative Assembly Pension Plan is administered by the Payroll and Pensions Division of Alberta Treasury.

Compliance with the June 1990 amendments to the federal Income Tax Act was required effective January 1, 1992. Accordingly, the focus during the year was on computer system, procedural, and other administrative changes required to effect compliance with the new law. Of particular note were the introduction of a system to administer the prior service certification rules, and the application of updated actuarial factors.

The day to day processing of pension transactions is being moved over time from a mainframe to a mini computer. The advantages expected from this move include reduced costs of operation, reduced future development and maintenance costs, and greater flexibility in meeting specific pension requirements. During the year under review, the system for calculating retirement benefits was successfully migrated to the mini computer.

Actuarial Liabilities

An independent actuarial valuation carried out at December 31, 1991, estimated the accrued liability of the Members of the Legislative Assembly

Pension Plan to be \$55,288,000. The normal actuarial cost of the plan as a percentage of payroll was estimated at 45.5 percent.

Participation

At March 31, 1992, there were a total of 85 individuals participating in the MLA Pension Plan, four of whom were terminated members who had either not made a choice regarding their plan status or were awaiting a deferred pension. Of the 85

participants, 28 were also participating in respect of their Executive Council office, and seven were participating as Speaker, Deputy Speaker, and Leaders of Opposition parties.

Contributions

The schedule below summarizes the member and government contributions for the year ended March 31, 1992:

	Participants At March 31, 1992	Contributions Received		
		Member \$	Government \$	Total \$
Members of the Legislative Assembly	85	437,305	386,798	824,103
Members of the Executive Council	28	93,512	93,412	186,924
Speaker, Deputy Speaker and Leaders of the Opposition and Recognized Opposition Parties	7	11,573	11,573	23,146
	120	542,390	491,783	1,034,173

Note: Contributors as Members of the Executive Council, Speaker, Deputy Speaker, and Leaders of the Opposition and Recognized Opposition Parties, are also contributors under the Members of the Legislative Assembly Pension Plan.

Refunds

No refunds were issued during the year to participants upon termination.

Death in Service Benefits

In the current year, one member died while in service. A lump sum was paid in respect of this death.

Information and Counselling Services

During the year, Payroll and Pensions Division provided counselling assistance to those members considering retirement.

Four *Pension News* information bulletins were prepared for the Legislative Assembly Office to assist staff in carrying out their responsibilities under the pension plan. The Alberta Retired Public Employees Society was assisted by Payroll and

Pensions with the publication of their quarterly newspaper *Postscript*.

Annual statements containing information on pensionable service, contributions, and prior service were produced and forwarded to the Legislative Assembly office for distribution to active participants in the plan.

Pension Benefits

During the year ended March 31, 1992, pension benefits paid totalled \$2,482,059; a decrease of \$52,156 (2.1 percent) from the previous year.

No pensions were granted during the year. Previous year figures are shown in the table below for comparison.

	1992	1991	
Death-in-Service (Spousal)	-	1	(1)
	-	1	(1)

() Brackets denote pension co-ordinated with Canada Pension Plan (CPP) and/or federal Old Age Security (OAS) payments.

Pension options selected by members were as follows:

	At April 1, 1991	New Retire- ments	Benefi- ciaries	Deaths	End of Guarantee Term	At March 31, 1992
Member Pensions						
Normal (life with 75 percent survivor pension)	137		1	(1)		137
Single Life	1					1
Guaranteed 10 years	2					2
Guaranteed 15 years	1					1
Guaranteed 20 years	24			(1)	(5)	18
Joint Life non-reduced	6					6
Joint Life reduced one third	3		1	(1)		3
Joint Life reduced one half	1					1
Spousal Pensions						
Single Life	2					2
Guaranteed 5 years	2					2
Guaranteed 10 years	-					-
Guaranteed 15 years	1					1
Guaranteed 20 years	-					-
Total Pensions	180		2	(3)	(5)	174
Pensions Co-ordinated with CPP and/or OAS	56			(1)	(1)	54

Note: The April 1, 1991 opening balance has been adjusted to reflect the transfer of nine pensions to the Public Service Pension Plan. These are pensions which commenced to be paid to MLAs before the establishment of the MLA Pension Plan in 1969, and which should have continued to be recorded as Public Service pensions.

The schedule below categorizes the pensions in effect at March 31, 1992, by dollar value of monthly pension:

Dollar Value Per Month \$	Member Pensions	Spousal Pensions	Total
1 to 499	27	1	28
500 to 999	50	1	51
1,000 to 1,499	45	1	46
1,500 to 1,999	21	2	23
2,000 and over	26	-	26
	169	5	174

Effective January 1, 1992, a cost of living adjustment of 2.5 percent was granted to those pensioners in receipt of a pension for one year or

more with a proportionately smaller increase granted to those retiring during the calendar year 1991.

Statement of Receipts and Payments Year Ended March 31, 1992

	1992 \$	1991 \$
RECEIPTS		
Member contributions	542,390	511,123
Government contributions	491,783	484,001
Total Receipts	1,034,173	995,124
PAYMENTS		
Benefits		
Pensions to retired members	2,395,589	2,461,686
Pensions to surviving spouses	63,334	72,529
Lump sums to beneficiaries of deceased employees	23,136	-
	2,482,059	2,534,215
Total Payments	2,482,059	2,534,215
Excess of Payments over Receipts	1,447,886	1,539,091

Comparative Statistics

The table below shows comparative statistics of receipts and payments for the most recent five fiscal years.

(000s)							
Fiscal Year	RECEIPTS			PAYMENTS			Excess of Payments Over Receipts
	Member	Govern- ment	Total	Benefits	With- drawals	Total	
	\$	\$	\$	\$	\$	\$	\$
1991/92	542	492	1,034	2,482	-	2,482	1,448
1990/91	511	484	995	2,534	-	2,534	1,539
1989/90	539	496	1,035	2,508	47	2,555	1,520
1988/89	394	377	771	1,981	-	1,981	1,210
1987/88	343	322	665	1,954	-	1,954	1,289

